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THIS IS UNEVALUATED INFORMATION

1. Molotov's visit in Berlin and his speech there amply proved that the USSR does not intend essentially to change its present attitude toward the GDR. two possibilities must be considered in the development of the political situation:

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a. The London agreement will be killed, especially by efforts made in France. This event may bring about the reunification of a neutralized Germany. The SED leadership doubted that the events would take this course, but still they considered the possibility of a failure of the integration policy initiated in London.

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b. The London agreement will be implemented. It was believed that this would take some time and that the GDR would hardly be affected by this development.

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2. the new five-year plan had already been drafted. The general elections held on 17 October were believed to have resulted in an imposing success for the SED. There may be a reshuffle of top-level personnel in some ministries. Grotewohl was expected to remain in office as long as Wilhelm Pieck could exercise his functions as president of state. The bourgeois ministers, including Foreign Minister Dr Bolz, would also remain in office. It was said to be the intention of the SED leadership to increase the all-German efforts of the GDR in all spheres of life. These all-German endeavors would assume more and more a West European character

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The SED would increase its efforts to establish closer sports and cultural relations between the GDR and West Germany. It was still the chief objective of the SED to come to a better understanding and cooperation with the DGB and the SPD. The last DGB convention was criticized from a trade-union point of view but praised for its political implications. It was pointed out that if the SPD continued in its opposition to Adenauer's policy the intended West German army would be opposed by a common front of the West German workers. This

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opposition would deduct much from the potential value of the German army for the West. The opposition of the West German labor front against the rearmament of West Germany would also strengthen the opposition of bourgeois neutralists and pacifists.

3. SED circles believe that a new four-power conference will be held, probably this year. There was no serious danger of war in Europe for the next three years. The USSR would not be greatly impressed by an implementation of the London agreements. The danger spot was, however, not in Europe but in Asia. The USA, by refusing to admit Red China into UN, rendered the Eastern Bloc a great service. China was thus given a free hand, especially toward Formosa.

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